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# STTR

## The STTR Program

Small Business Technology Transfer (STTR) is another program that expands funding opportunities in the federal innovation research and development (R&D) arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small businesses and nonprofit research institutions. The unique feature of the STTR program is the requirement for the small business to formally collaborate with a research institution in Phase I and Phase II. STTR's most important role is to bridge the gap between performance of basic science and commercialization of resulting innovations.

## SBIR NewsLetter

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## STTR Mission and Program Goals

The mission of the STTR program is to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy.

The programs' goals are to:

- Stimulate technological innovation
- Foster technology transfer through cooperative R&D between small businesses and research institutions;
- Increase private sector commercialization of innovations derived from federal R&D

## STTR-Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$1 billion are required to reserve 0.3% of the extramural research budget for STTR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, five agencies participate in the STTR program:

- [Department of Defense](#)
- [Department of Energy](#)
- [Department of Health and Human Services](#)
- [National Aeronautics and Space Administration](#)
- [National Science Foundation](#)

Each agency administers its own individual program within guidelines established by Congress. These agencies designate R&D topics in their solicitations and accept proposals from small businesses. Awards are made on a competitive basis after proposal evaluation.

## Three-Phase Program

The STTR Program is structured in three phases

*Phase I.* The objective of Phase I is to establish the technical merit, feasibility, and commercial potential of the proposed R/R&D efforts and to determine the quality of performance of the small

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businesses prior to providing further Federal support in Phase II. STTR Phase I awards normally do not exceed \$100,000 total costs for 1 year.

*Phase II.* The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the Phase II project proposed. Only Phase I awardees are eligible for a Phase II award. STTR Phase II awards normally do not exceed \$750,000 total costs for 2 years.

*Phase III.* The objective of Phase III, where appropriate, is for the small business to pursue commercialization objectives resulting from the Phase I/II R/R&D activities. The STTR program does not fund Phase III. In some Federal agencies, Phase III may involve follow-on non-STTR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.

## **STTR Program Eligibility**

Only United States small businesses are eligible to participate in the STTR program. The small business must meet *all* of the following criteria at time of award:

- Organized for profit, with a place of business located in the United States;
- At least 51 percent owned and controlled by one or more individuals who are citizens of, or permanent resident aliens in, the United States, and;
- No more than 500 employees, including affiliates.

The nonprofit research institution must also meet certain eligibility criteria:

- Located in the US
- Meet one of three definitions:
  - Nonprofit college or university
  - Domestic nonprofit research organization
  - Federally funded R&D center (FFRDC)

STTR differs from SBIR in three important aspects:

1. The SBC and its partnering institution are required to establish an intellectual property agreement detailing the allocation of intellectual property rights and rights to carry out follow-on research, development or commercialization activities.
2. STTR requires that the SBC perform at least 40% of the R&D and the single partnering research institution to perform at least 30% of the R&D.
3. Unlike the SBIR program, STTR does not require the Principal Investigator to be primarily employed by the SBC.

## **Congressional History**

Modeled after the Small Business Innovation Research (SBIR) program, STTR was established as a pilot program by the Small Business Technology Transfer Act of 1992 (Public Law 102-564, Title II). Government agencies with R&D budgets of \$1 billion or more are required to set aside a portion of these funds to finance the STTR activity. In 2001, Congress passed the Small Business Reauthorization Act of 1997 (P.L. 105-135). The program was reauthorized again until September 30, 2009, by the Small Business Technology Transfer Program Reauthorization Act of 2001 (P.L. 107-50). Subsequently, Congress has passed numerous extensions, the most recent of which extends the STTR program through 2017. The goal of the STTR program is to facilitate the transfer of technology developed by a research institution through the entrepreneurship of a small business concern.

## **Competitive Opportunity for Small Business**

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STTR is a highly competitive program that reserves a percentage of federal R&D funding for awards to small businesses and United States nonprofit research institutions. Small business has long been where innovation and innovators thrive. But the risk and expense of conducting R&D can be beyond the means of many small businesses. Conversely, nonprofit research laboratories are instrumental in developing high-tech innovations. But frequently, innovation advances theory, rather than the development of innovative practical applications. STTR combines the strengths of both entities by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. The small business profits from the commercialization, which, in turn, stimulates the U.S. economy.

## **SBA Role**

The US Small Business Administration serves as the coordinating agency for the STTR program. It helps the five agencies implement STTR, reviews their progress, and reports annually to Congress on its operation, and aggregates agency solicitation announcement information.

For more information on the STTR Program, please contact:

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All of SBA's programs and services are extended to the public on a nondiscriminatory basis.

## **Policy Directive**

**Note:** The version of the STTR Policy Directive PDF below is dated February 24, 2014. It includes the amendments made on January 8, 2014 [79FR1309] as well as corrections to Appendix data tables made on February 24, 2014.

[Download STTR Policy Directive](#)